

EXECUTIVE CHAMBERS

HONOLULU

MAY 3, 2004

STATEMENT OF SUPPORT FOR SENATE BILL NO. 3237

Honorable Members
Twenty-Second Legislature
State of Hawaii

Pursuant to Section 16 of Article III of the Constitution of the State of Hawaii, I am returning herewith, with my approval, Senate Bill No. 3237, entitled "A Bill for an Act Relating to Prescription Drugs."

The purpose of this bill is to implement the Hawaii Rx Plus prescription drugs assistance program. This bill represents the work of a bipartisan team that recognized problems in the original bill enacted in 2002 and who worked cooperatively to address these problems. This bill is designed to reduce the price of prescription drugs to qualified participants, to keep administrative costs at a minimum, to streamline the application process, to prevent the crowding out of prescription drug benefits already available through the Hawaii Pre-paid Care Act, and to protect the rights and benefits of the Medicaid population.

First, this bill creates a nonexclusive list of drugs to be covered under the program. In addition to the existing Medicaid preferred drug list, the bill allows the inclusion of various drugs used in the treatment of cancer and mental health illnesses. It also utilizes the Department of Human Services Pharmacy and Therapeutic Committee to review and recommend drugs for placement on the preferred drug list.

Second, the bill limits participation in the program to residents of the State of Hawaii who have a family income equal to or less than 350 percent of the federal poverty level, who lack prescription drug coverage, and who enroll in the Hawaii Rx program. The 350 percent threshold would cover a single person who earns up to \$36,000 in annual income and a family of four up to an annual income of \$74,500.

Third, the amendments in this bill ensure integrity in the program's administration by prohibiting the contractor administering the program from receiving compensation or other benefits from a participating drug provider.

Fourth, the bill establishes an initial list of discount priced drugs that currently encompasses those drugs purchased pursuant to the Department of Human Services administered Medicaid program. The effective date for this list is July 1, 2004. A second tier of discount drugs would be added on July 1, 2005.

The initial Hawaii Rx program was modeled after a program in the State of Maine. Maine's program was involved in protracted litigation, resulting in a United States Supreme Court decision issued last year. Hawaii's program had been tied to the State's QUEST healthcare program, thereby placing in jeopardy the State's Medicaid Title XIX funding. This linkage was decoupled through suitable language in this bill.

Finally, I would point out that the Hawaii Rx Plus program contained in this bill can be implemented via a streamlined application process. This will allow the

enrollment of as many qualified residents as possible. A larger participant population will enable the State to negotiate higher discounts.

I am proud to affix my signature to Senate Bill No. 3237 and believe it will improve the health and well-being of the residents of our State.

Respectfully,

LINDA LINGLE
Governor of Hawaii